

**HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA**

REPORT TO THE COMMISSIONERS

DATE: SEPTEMBER 13, 2017

REGARDING: RESERVATION OF 2018 LOW INCOME HOUSING TAX CREDITS FOR SELBY MILTON VICTORIA, DISTRICT 8, AND PPL AIN DAH YUNG SUPPORTIVE HOUSING, DISTRICT 7.

Requested Board Action

Approval of the attached resolution to reserve \$295,010 of 2018 Low Income Housing Tax Credits for Selby Milton Victoria, District 8, and reserve up to \$465,012 of 2018 Low Income Housing Tax Credits for PPL Ain Dah Yung Supportive Housing, District 7.

Background

The Federal Tax Reform Act of 1986 created the Low Income Housing Tax Credits (Credit) Program, which provides a reduction in federal tax liability to owners and investors of qualified low-income housing developments that comply with federally-imposed rent and tenant income restrictions for a period of 30 years.

On June 14, 2017, by Resolution 17-920, the HRA Board endorsed changes to the Minneapolis/Saint Paul Housing Finance Board's (Finance Board) *2018 Low Income Housing Tax Credit Procedural Manual* (2018 Procedural Manual) and the *2018 Qualified Allocation Plan* (2018 QAP) to reflect the HRA Board's housing selection priorities for the 2018 Credit Reservation. On July 13, 2017, the Finance Board approved the *2018 Procedural Manual* and the *2018 QAP*. The Finance Board also authorized the HRA Board to administer the 2018 Credit Program and reserve up to \$760,022 of 2018 Credits to qualified Saint Paul developments.

To receive 2018 Credits, eligible projects must be financially feasible and viable as qualified low-income projects for the Credit period. (See the attached **2018 QAP**, Article VIII (E), Procedure for Selecting Projects; Project Threshold Requirements.) Once the proposals are qualified, the proposals are scored based upon the selection and preference priorities established as the *2018 QAP* scoring criteria.

The HRA received two (2) applications by the August 18, 2017 deadline as follows:

Project Name: SELBY MILTON VICTORIA
Address: 838 Selby and 940 Selby
Developer: Community Housing Development Corp./Rondo Land Trust
Owner: CHDC Rondo Limited Partnership
Project Type: New construction - 34 affordable housing units
Total Units: 34 units (4 SRO renting to households at 50% AMI; 22 one-bedrooms renting to households at 50% AMI; 4 one-bedrooms renting to household at 60% AMI; and 4 two-bedrooms renting to households at 60% AMI)
Zoning District: Petition rezoning to T2 Traditional Neighborhood District
Relocation: Not applicable
Eminent Domain: None
Project Cost: \$10,674,860
City Financing: \$300,000/Saint Paul; \$20,000 – 2016 Cultural STAR and/LCDA - \$355,758
HRA Financing to be requested: \$0
2017 Housing Tax Credit awarded: \$755,842
2018 Housing Tax Credit requested: \$295,010
2018 Housing Tax Credit recommended: \$295,010

Project Name: PPL AIN DAH YUNG SUPPORTIVE HOUSING
Address: 771-785 University Avenue
Developer: Project for Pride in Living, Inc.
Owner: ADYC Supportive Housing Limited Partnership
Project Type: New construction-42 affordable housing units for homeless youth and formerly homeless youth between 18 and 24 years of age.
Total Units: 42 supportive housing units
32 single room occupancy renting to households at 30% AMI
10 single room occupancy renting to households at 50% AMI
Zoning District: T-2 Traditional Neighborhood District
Relocation: Not applicable
Eminent Domain: None
Project Cost: \$11,444,041
HRA Financing to be requested: \$57,041 (Met Council LCDA - application)
2018 Housing Tax Credit requested: \$1,100,806
2018 Housing Tax Credit recommended: \$465,012 (contingent upon its application for 2018 MN Housing Credit Reservation)

According to Article VIII (L) of the 2018 QAP, projects will be prioritized with the project receiving the most points being rated first, the project receiving the second most points being rated second and so on. If two or more projects have overall point totals which are within 2 points of one another, the projects shall be deemed to be of substantially equivalent, and the HRA Board will select the project which best meets the applicable city’s housing priorities.

Pursuant to the 2018 QAP selection and preference priorities, the remainder of the applications scored as follows:

- Selby Milton Victoria** **49 points**
- PPL Ain Dah Yung Supportive Housing** **40 points**

(See the attached **2018 Credit Scoring Worksheets** for the scoring of each proposal.)

HRA staff recommends that the HRA Board reserves \$295,010 of 2018 Credits to the Selby Milton Victoria project, and the HRA staff recommends that the HRA Board reserves up to \$465,012 of 2018 Credits to the PPL Ain Dah Yung Supportive Housing project, contingent upon its 2018 Credit application to Minnesota Housing.

Financing Structure - Selby Milton Victoria		
Funding Source	Amount	Action
9% Syndication Proceeds	\$9,772,819	Awarded 2017 Credits Pending 2018 Credits
City of Saint Paul	\$300,000	Committed
Sales Tax Rebate	\$140,000	Committed
Met. Council LCDA	\$355,758	Committed
Capital Region Watershed	\$75,183	Committed
2016 STAR	\$20,000	Committed
General Partner Cash	\$100	
Energy Rebate	\$11,000	
Total	\$10,674,860	

Financing Structure

Financing Structure - PPL Ain Dah Yung Supportive Housing		
Funding Source	Amount	Action
9% Syndication Proceeds	\$9,576,054	Pending
City of Saint Paul	\$285,000	Committed
Met Council LCDA	\$424,000	Committed
Sales Tax Rebate	\$220,000	Committed
Energy Rebate	\$14,500	Committed
Shakopee Mdewakanton Sioux Committee	\$100,000	Committed
Mille Lacs Band of Ojibwe	\$40,000	Committed
Met. Council LCDA	\$57,041	
Federal Home Loan Bank	\$277,446	
General Partner Cash	\$450,000	
Total	\$11,444,041	

Budget Action

NA. Approval of the resolution to reserve Credits does not require budget action.

Future Action

Selby Milton Victoria: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions for all required HRA financing and/or future 2018 LIHTC.

Ain Dah Yung: If approved, the HRA Executive Director may execute a Memorandum of Understanding and a Development Agreement with final terms and conditions for all required HRA financing and/or future 2018 LIHTC.

PED Credit Committee Review

NA. No loan risk rating is involved.

Compliance

NA. Approval of Credit Reservations does not activate the compliance requirements. However, the developer/project owners of Selby Milton Victoria and PPL Ain Dah Yung Supportive Housing respectively must comply with requirements of Vendor Outreach, Section 3, Affirmative Action, and Davis Bacon as a condition of receiving HRA financing.

Green/Sustainable Development

Selby Milton Victoria and PPL Ain Dah Yung Supportive Housing must comply with the *Saint Paul Sustainable Development Policy*.

Environmental Impact Statement

NA

Historic Preservation

NA

Public Purpose

Selby Milton Victoria:

Construct 34 new affordable housing units as follows:

- 26 units of affordable housing that serves senior citizen households at 30% AMI rent limits
- 8 units of affordable housing that serves senior citizen households at 60% AMI rent limits.

PPL Ain Dah Yung Supportive Housing:

Construct 42 new affordable housing units as follows:

- 32 units of affordable housing that serves young adult households at 30% AMI rent limits
- 10 units of affordable housing that serves young adult households at 50% AMI rent limits

Recommendation:

The Executive Director recommends, per the attached resolution, that the HRA Board approve a 2018 Low Income Housing Tax Credit reservation of \$295,010 to Selby Milton Victoria and a 2018 Low Income Housing Tax Credit reservation of up to \$465,012 to PPL Ain Dah Yung Supportive Housing, contingent upon its 2018 Credit application to Minnesota Housing.

Sponsored by: Commissioner Thao

Staff: Joe Collins, 266-6020

Attachments

- **2018 QAP**
- **2018 Credit Scoring Worksheets**
- **Map**
- **Public Purpose**
- **District 7 Profile**
- **District 8 Profile**